



EDMOND
DE ROTHSCHILD

EDMOND DE ROTHSCHILD FUND HUMAN CAPITAL

2023 EXTRA-FINANCIAL PERFORMANCE REPORT

MARKETING COMMUNICATION: This is a marketing communication. Please refer to the UCITS prospectus and the Key Investor Information Document before making any final investment decision



PRESENTATION OF THE FUND

The EDR Fund Human Capital investment objective is to create long-term returns and drive positive societal impact investing within a global equity universe. The Fund's core investment proposal relies on the selection of companies that strive to promote best Human Capital practices and comply with broader environmental, social and governance criteria.

The fund aims at creating long-term returns and drive positive societal impact through the application of the following core beliefs:

- ▶ Human Capital is an intangible asset that is largely underestimated and/or ignored by the market. Factoring in Human capital has become even more critical in a post-pandemic environment characterised by an unprecedented acceleration of technological change and labour scarcity (lower workforce participation rate and "The Great Resignation").
- ▶ Over the last decade, a significant amount of academic and investment research has evidenced that best in class human resources practices fosters high-quality human capital, which in turn drives productivity and generates superior economic and financial performance. This is a valuable source of additional return that has been largely untapped and can create attractive investment opportunities for the active investor.
- ▶ Our own research on Human Capital accumulation and its relationship with the technology frontier combined with our insight on ESG factors and the relevance of intangible assets enables us to extract value on the integration of "Social" factor considerations.

THE FUND HARNESSSES TWO COMPLEMENTARY SOURCES OF VALUE CREATION:

- ▶ **A selection of best-in-class companies in terms of HR practices (approx. 50% of the portfolio):** These companies handpicked across sectors have demonstrated a superior ability to design and implement outstanding human resources policy and practices, with the objective to promote training and development, diversity and high levels of engagement. These policies will generally translate in high employee retention.
- ▶ **Targeted investments in companies with human capital-centric business models** (approx. 50%) providing innovative solutions in 3 key areas
 - **Education:** lifelong learning, early childhood education, occupational training, content and tools
 - **Knowledge transfer:** innovation, technological frontier, data
 - **Protection:** equipment, testing and inspection, health insurance coverage, health products and services

Through its multi-angle approach to the Human Capital theme, the Fund boasts a strong alignment with several UN Sustainable Development Goals² and strives to produce a measurable Human Capital impact footprint through a series of key metrics at both fund and holding level.

Through our active engagement and stewardship policy we endeavor to maintain an active dialogue with companies to prompt them to improve the level of disclosure on social criteria. Meeting companies face to face also enables us to form a good understanding of their policies and practices in terms of hiring and training, promotion and inclusion as well as working conditions.

¹ Environmental Social and Governance criteria ² The Sustainable Development Goals (SDGs) are the 17 priorities for economic and social development that respect people and the planet.

2023 HIGHLIGHTS



EUR 106 M
AUM as of 29/12/2023



12.62 ESG Score¹
vs. 11.18 for the benchmark
(MSCI ACWI)

Alignment with SDGs²



USD 1M invested in the fund provides:

Education services

USD 8,748
67x higher than the
benchmark
(MSCI ACWI)

Major disease treatment

USD 23, 961
+163% ²benchmark
(MSCI ACWI)

Sanitation services

USD 5,556
+105% vs.the benchmark
(MSCI ACWI)

¹As indicated in the transparency code, the external ESG score from MSCI is on a scale of 0 to 20, with 20 being the highest risk

² SDG alignment. The percentage of alignment to each SDG measures the company's contribution to achieving the Sustainable Development Goals.

ESG NEWS

New boundaries, new achievements

First, the World Meteorological Organization (WMO) unfortunately confirmed that “2023 was the warmest year on record globally”. The annual average global temperature was 1.45° Celsius above pre-industrial levels, “symbolic because the Paris Agreement on climate change aims to limit the temperature increase to no more than 1.5°C”.

On the regulatory front, the European Commission announced a comprehensive assessment of the SFDR regulation, which could have considerable implications for the entire sustainable finance framework (Taxonomy, PAI...). The European parliament and the EU Council reached an agreement on the Corporate Sustainability Due Diligence Directive, which aims to make large companies responsible for environmental and human rights violations that occur along their supply chains. This agreement is still pending official agreement before the directive can be transposed into national law.

In the UK, the Financial Conduct Authority (FCA) has introduced its own measures to support sustainable finance. Finally, in France, discussions focused on reforms to be made to the SRI label.

2023: a very busy year...

For Edmond de Rothschild, 2023 marks a key milestone in the group’s global ESG strategy, including a major reinforcement of our existing pledges to support the energy and environmental transition.

In May 2023, having joined the Institutional Investors Group on Climate Change (IIGCC), we signed up to the “Net Zero Asset Managers” (NZAM), consistent with our commitment to supporting the goal of net zero greenhouse gas emissions by 2050. The initiative was created to urge the asset management industry to commit to a goal of net zero emissions, in line with global efforts to limit global warming to 1.5°C. It enables signatories to take action and deploy ambitious investment strategies that will be necessary to achieve the net zero objective. It also offers a forum for asset managers to share best practices and overcome any hurdles to aligning investments with this net zero emissions goal.

In practical terms, our commitment to supporting the fight against climate change led to a major innovation, with the launch of one of the very first corporate bond strategies investing in emerging markets and classified as an Article 9¹ fund under SFDR².

This first positive environmental impact fund within the emerging bond space will enable investors to have a real impact in countries where the need for investments in environmental initiatives is crucial - particularly as energy consumption is growing so fast in these regions.

2023 marks a major milestone for Edmond de Rothschild’s global ESG strategy.

Limit global warming to 1.5°C

1. SFDR classification: a fund’s investment policy may change over time, and as a result, its classification under the Sustainable Finance Disclosure Regulation (SFDR) may also change. If you have any doubts on the classification of a fund under SFDR, please contact your usual advisor.
2. Article 9 under SFDR: Fund compliant with article 9 of the Sustainable Finance Disclosure Regulation - SFDR): The primary investment objective of an article 9 fund is sustainability.

The results obtained by the EdR Fund Human Capital portfolio are summarized in the following table:

The fund is classified SFDR1 Article 8 and seeks particular alignment with the United Nation SDG 8 (Decent Work and Economic Growth).

As part of the French SRI label², we are committed to ensuring that the "share of companies with a training policy" and "the share of women on the board" indicators are better than the index.

These indicators are monitored on a daily basis and corrective actions within the portfolio are implemented to ensure that the Fund retains a superior footprint on those two metrics than the index.

1. Article 8 SFDR: Article 8 funds under the Sustainable Finance Disclosure Regulation (SFDR): funds that promote environmental or social features.

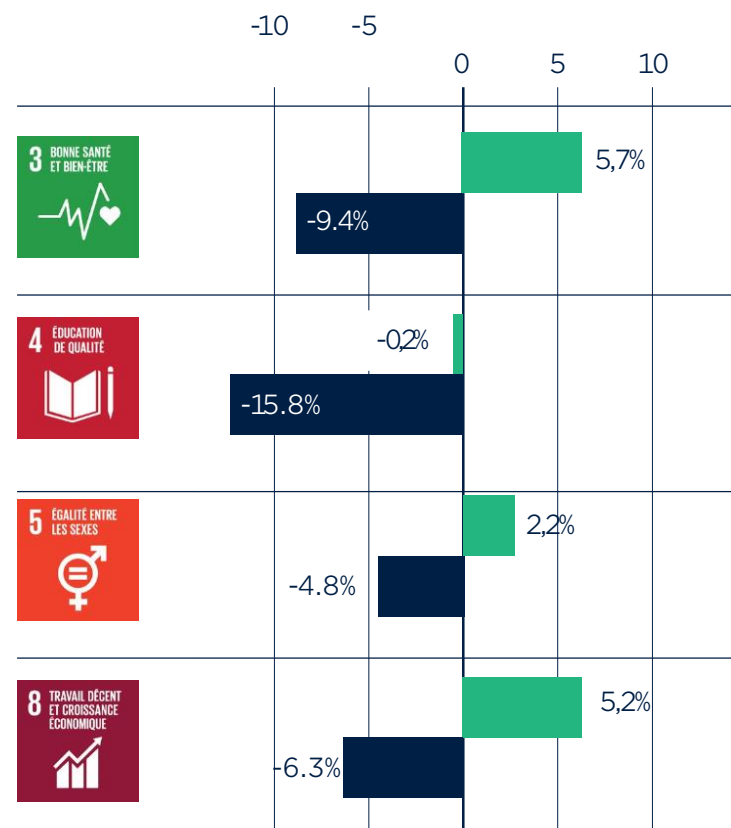
2. The SRI label is a tool for choosing responsible and sustainable investments. Created and supported by the French Ministry of Finance, the label aims to make socially responsible investment (SRI) products more visible to investors in France and Europe.

Source: C4F, MSCI. Data as of 29/12/2023.

ESG indicators	EdR Fund Human Capital	MSCI ACWI	
ESG score (coverage rate)	12.62 (100%)	11.18 (98,9%)	✓
Controversy score (coverage rate)	5.70 (100%)	4.18 (100%)	✓
SOCIAL DATA			
<i>Human capital development</i>			
Companies with a training policy (coverage rate)	98.89% (93%)	98.35% (69%)	✓
Average hours of training per employee (coverage rate)	34.80 (78%)	30.48 (48%)	✓
Staff turnover ratio (coverage rate)	11.56% (71%)	11.59% (57%)	✓
<i>Diversity</i>			
Share of women in workforce (coverage rate)	39.59% (97%)	36.92% (90%)	✓
Glass ceiling	83.31% (32%)	72.84% (25%)	✓
Share of women in executive committee (coverage rate)	24.15% (98%)	22.62% (95%)	✓
Share of women at the Board (coverage rate)	35.90% (100%)	33.23% (98%)	✓
GOVERNANCE DATA			
Non-separation of CEO/Chair roles (coverage rate)	27.10% (100%)	33.91% (100%)	✓
Signatories of the UN Global Compact (coverage rate)	51.48% (93%)	44.61% (99%)	✓
ENVIRONMENTAL DATA			
Carbon intensity (tonnes eq CO2/Million € of revenue) scopes 1,2 and 3 (coverage rate)	95.12 (97%)	136.87 (98%)	✓

UN SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT

SDG alignment score*



Companies with strong UN SDG Portfolio Alignment score vs MSCI ACWI

MEDTRONIC

- ▶ According to MSCI estimates, Medtronic derives an estimated 55% of its revenue providing treatments or diagnosis of major world diseases.
- ▶ This includes products used for the diagnosis and treatment of cardiovascular, respiratory disorders and diabetes

STRIDE

- ▶ The company offers high quality online education to over 2 million students in the US.
- ▶ Over 100+ schools and programs supported over the past 20 years. Stride offers comprehensive homeschooling solutions for children with special needs/school anxiety refusal or young athletes.

ROCHE

- ▶ Gender parity rate above 40% at all company levels, including the global workforce, managers but also executive committee and board

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- ▶ Gender parity rate above 40% at all company levels, including the global workforce, managers but also executive committee and board

■ Edmond de Rothschild Fund Human Capital

■ MSCI ACWI

* The Sustainable Development Goals (SDGs) are the 17 priorities for economic and social development that respect people and the planet. Source: Data as of 29/12/2023. Edmond de Rothschild AM, based on MSCI's SDG Net Alignment score, activation thresholds determined by Edmond de Rothschild AM according to its proprietary methodology. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

DIALOGUE AND ENGAGEMENT

Our approach to engagement is part of Edmond de Rothschild Asset Management's (France) broader stewardship and voting policy framework.

The engagement process has two main components:

- ▶ A voting policy and an active dialogue with companies prior to general meetings,
- ▶ A more targeted engagement on ESG issues identified by the investment team

The engagement process conducted within EDR Fund Human Capital aims to encourage companies to communicate and improve their ESG practices, particularly on social issues. In this respect, we launch at least once a year a campaign to all our portfolio companies to underline the importance of transparency on social and human capital issues.

We believe that some ESG factors can have a material impact on the valuation of companies, and the fund's investment process incorporates the assessment of the additional value (earnings growth and/or expansion of valuation multiples) that can be derived from engagement initiatives.

We believe that some ESG factors can have a material impact on the valuation of companies

In 2023, we have maintained an active dialogue with 26 companies in the portfolio (representing over 56% of our holdings). Please see below a summary of our key dialogue initiatives:

Portfolio holdings	Engagement topics
Adobe	Engagement on social issues, notably on HR Management, focusing on the area of training & talent development.
Anima Educaçao	Discussions on employee retention, and notably on turnover within teaching roles, which remains too high and prompted us to sell the position.
GTT	Focus on the opportunity provided by green hydrogen and on several governance issues, notably Engie's role as a shareholder.
Hermès	Full non-financial review of the company, including environmental, human capital and supply chain-related issues.
Checkpoint	Dialogue on the need for more transparency, the disclosure of ESG data, and issues around employee training & career development.

Finally, in 2023, the fund managers voted on 498 resolutions proposed by 31 companies, i.e. a voting rate of 100% of the companies in our voting perimeter. The dissent rate was 26%, notably on issues of renewal/remuneration of statutory auditors, financial transactions and executive remuneration.

FOCUS UNITE GROUP



Unite Group is the UK's largest owner, manager and developer of purpose-built student accommodation.

The group operates 162 properties, with 70,000 beds, in 23 leading university towns and cities across England, Scotland and Wales.

Unite Group promotes access to high-quality, affordable and safe student accommodation.

Unite is recognised for the quality of its accommodation, and the group has received several awards for the quality of its service, including “*Student accommodation operator of the Year 2023*”.

Offering more than a roof, Unite Group also provides multiple services:

- ▶ “New Support to Stay” student support framework including a Winter Wellbeing programme to help vulnerable students through the cost-of-living crisis
- ▶ Leapskills programme reaching over 10,000 young people in 2022

While Unite Group’s business model itself supports the development of human capital, the company also pays considerable attention to its own human resource management.

- ▶ Launch of new learning academy and over 19,000 hours of training delivered to employees

This was confirmed when we conducted our social due-diligence. The discussions we held with former Unite Group employees enabled us to understand the vital importance of corporate culture for the group:

- ▶ The group’s management is very keen to know each and every one of its employees including on the ground staff and accompany these employees on their rounds.

- ▶ This positive culture is also reflected in the engagement surveys conducted twice a year, during which employee feedback is not only encouraged, but also taken into account, and then implemented. This fluid communication and collaboration-driven culture fosters stronger employee engagement, naturally boosting the quality of service.



Source : UniteGroup. Data as of 29/12/2023. Edmond de Rothschild AM, based on MSCI’s SDG Net Alignment score, activation thresholds determined by Edmond de Rothschild AM according to its proprietary methodology. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

FOCUS NATURA & CO



Natura operates skin care and cosmetic brands: Natura, Avon and The Body Shop.

The group is present in more than 100 countries, operates over 3,700 stores, employs 35,000 people and has 7,7 million sales reps and advisors.

Natura is also the largest B Corp™ certified group and the first listed company to receive this certification in December 2014.

Natura became known for its ethical engagement, including the protection of the Amazon region, campaigns to ban animal testing in cosmetics, sustainable procurement and fair trade, and promotion of diversity within its customer base.

Natura's business has grown through "direct selling" - which still accounts for a large share of the group's revenue.

Today, over 7 million direct sellers - mostly women - cover the ground and become trusted intermediaries between the brand and the buyer. This proximity fosters and maintains a strong corporate culture, which is conveyed directly to customers.

Through this business model, Natura has a tangible positive impact, supporting female empowerment and fair remuneration. Women in Brazilian communities receive equitable payments for the ingredients they supply. This fair compensation policy is also applied to the "consultadoras" (sales advisors) in Latin America, as well as the female employees of the entire Natura Group.

- ▶ Today, women account for **53%** of management positions.
- ▶ In Brazil and Latin America, several million women offer, showcase, and market Natura brand products within their communities, and receive income that is essential to support them in their everyday life.



Source : Natura. Data as of 29/12/2023. Edmond de Rothschild AM, based on MSCI's SDG Net Alignment score, activation thresholds determined by Edmond de Rothschild AM according to its proprietary methodology. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

FOCUS ELEVANCE HEALTH



Founded in 1946 in Indianapolis, Elevance Health (formerly Anthem) is a US health insurance company
The company's services include medical, pharmaceutical, dental, health coverage, behavioural health, long-term care, and disability plans.

Elevance Health has developed a business model focused on the protection of individuals, families and employees, covering almost 119 million people.

- ▶ A signatory of the *World Economic Forum's Global Health Equity Network "Zero Health Gaps Pledge,"* the first global, multi-sector pledge to help advance health equity.
- ▶ First managed-care organization in the nation to earn the full 3-year health equity accreditation from the National Committee for Quality Assurance for all of the company's owned Medicaid health plans, covering nearly 90% of its Medicaid membership

In 2021, Elevance Health was certified as a "Great Place to Work®" by Fortune. The group is committed to the welfare of its 100,000+ employees:

- ▶ In its annual survey, 96% of the group's employees claimed they understood Elevance's objective and its positive impact for consumers and society.
- ▶ 77% of employees are women. Women also account for 65% of managers and 45% of the Board of Directors.



Source : Elevance Health. Data as of 29/12/2023. Edmond de Rothschild AM, based on MSCI's SDG Net Alignment score, activation thresholds determined by Edmond de Rothschild AM according to its proprietary methodology. The information on companies should not be considered as an opinion of the Edmond de Rothschild Group on the foreseeable development of these securities and, where applicable, on the foreseeable development of the price of the financial instruments they issue. This information does not constitute a recommendation to buy or sell these securities. The composition of the portfolio may change over time.

Appendix: Impact indicators

We refer to impact indicators to measure the fund's extra-financial performance.

Edmond de Rothschild Asset Management (France)' Responsible Investment team has chosen to focus on a selection of impact indicators it considers to be most relevant. The following indicators are calculated for the portfolio and the benchmark.

Company with a training policy: Existence of a training policy

Average hours of training per employee: Edmond de Rothschild Asset management (France) encourages all companies to train their employees.

ESG score: MSCI's ESG score ranges from 0 to 20 with 0 being considered the lowest ESG risk and 100 the highest.

Controversy score: The controversy score is the weighted average of the controversy score for each company. The score ranges from 0 to 10, with 10 being the highest score.

Carbon intensity (tons of CO₂ eq / Million € of Revenue) scopes 1, 2 and 3 (coverage ratio): Carbon4 indicator measuring the portfolio's exposure to carbon-intensive companies. It is the weighted sum of the carbon intensity of the companies in the portfolio, and is expressed in tons of CO₂ equivalent per million euros of sales

Employee turnover rate: number of employees that left the company within the past year expressed as a percentage of the average total number of employees

Share of women in the workforce: number of women employees expressed as a percentage of the total workforce.

Share of women on the executive committee: number of women on the executive committee as a percentage of the total executive committee members.

Share of women at the board: number of women directors at the board as a percentage of the total board members.

Combined CEO/Chair roles: non-separation of Chair and CEO roles within a company. **Separating the Chair and CEO positions** is best practice and preferred by Edmond de Rothschild Asset Management.

Glass ceiling: refers to the ratio between the percentage of women in management roles and the percentage of women in the headcount. Measures a company's ability to ensure management reflects the diversity within its teams.

UN Global Compact signatories: The Global Compact is a voluntary initiative initiated by the United Nations that sets out 10 key principles on the environment, human rights, labour rights and business ethics.

The indicators are calculated using the most recent data available. For each indicator, we specify the coverage rate corresponding to the portion of the fund or index for which we were able to obtain the information.

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Tout investissement comporte des risques spécifiques. Il est ainsi recommandé à l'investisseur de s'assurer de l'adéquation de tout investissement à sa situation personnelle en ayant recours le cas échéant à des conseils indépendants. De plus, il devra prendre connaissance du document d'informations clés (DIC) et/ou tout autre document requis par la réglementation locale, remis avant toute souscription et disponibles en français et en anglais sur le site www.edmond-de-rothschild.com onglet « Fund Center » ou gratuitement sur simple demande.

Vous pouvez obtenir, sur le lien suivant : https://www.edmond-de-rothschild.com/SiteCollectionDocuments/LegalWebPartSiteDocument/France/_documents-reglementaires/EdRAM-France/EDRAM-FR-Principaux-droits-des-investisseurs.pdf, un résumé des droits des investisseurs en français. La société de gestion peut décider de cesser la commercialisation de ce Fonds, conformément à l'article 93 bis de la directive 2009/65/CE et à l'article 32 bis de la directive 2011/61/UE.

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« Edmond de Rothschild Asset Management » ou « EdRAM » est le nom commercial des entités de gestion d'actifs (y compris les filiales et entités affiliées) du groupe Edmond de Rothschild. Ce nom fait également référence à la division Asset Management du groupe Edmond de Rothschild.

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